GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2894
ANSWERED ON:22.03.2005
VAT ON TEA
Yerrannaidu Shri Kinjarapu

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether price of tea will rise if 12.5 per cent Value Added Tax is adopted by the tea producing States;

(b) if so, the details thereof;

(c) whether the prices of other commodities would come down but prices of tea will go up if 12.5 per cent VAT is levied; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI E.V.K.S. ELANGOVAN)

(a) to (d): Value added Tax is expected to tax only to the extent of value addition of a product at each point of sale. Therefore, increase or otherwise of the price of tea after VAT would depend on the existing sales tax structure and rate in the State concerned, and the VAT rate finally adopted for tea.